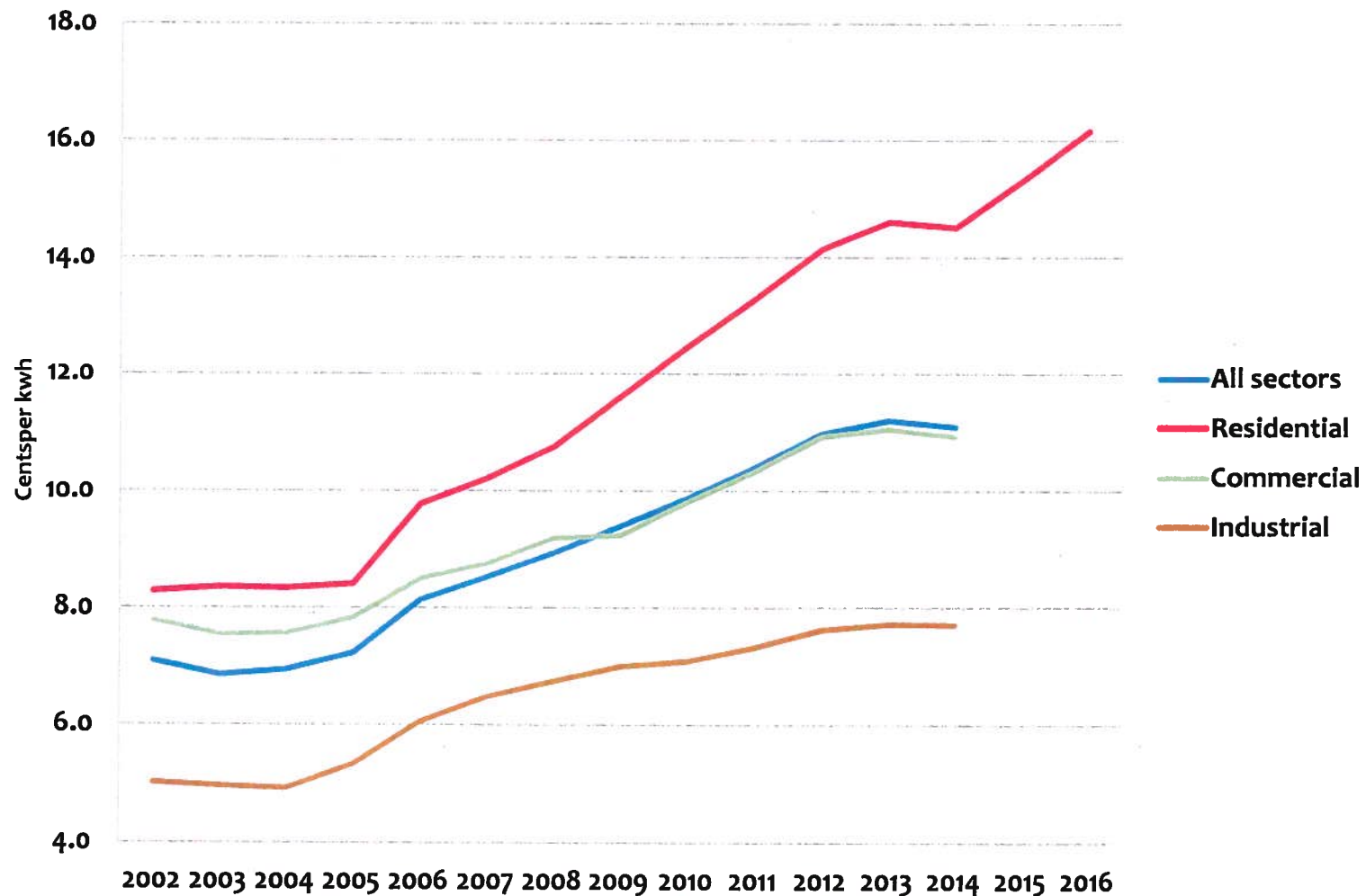


# Michigan Energy Policy - Path to a Cleaner, More Affordable Future



James Clift, Policy Director  
Sarah Mulkoff, Energy Program Director  
May 7, 2015

# Electricity Rate Increases



# How do we get to lower rates?

- \* Establish clear goals for utilities
- \* Make energy efficiency investments that allow the state to close plants and not have to replace them
- \* Address capacity constraints through rate design that sends better price signals to customers
- \* Better utilize existing capacity and close marginal units



# Michigan Energy Plan - Goals



# Energy efficiency potential study

- \* “Achievable” potential of 15% reduction of demand over ten years
- \* Estimated cost of \$22/MWh (~60% of the variable costs of generating power)
- \* Oppose repeal of the “most” cost effective method of meeting energy demand.

Control Costs

Protect Public  
Health and  
Natural Resources

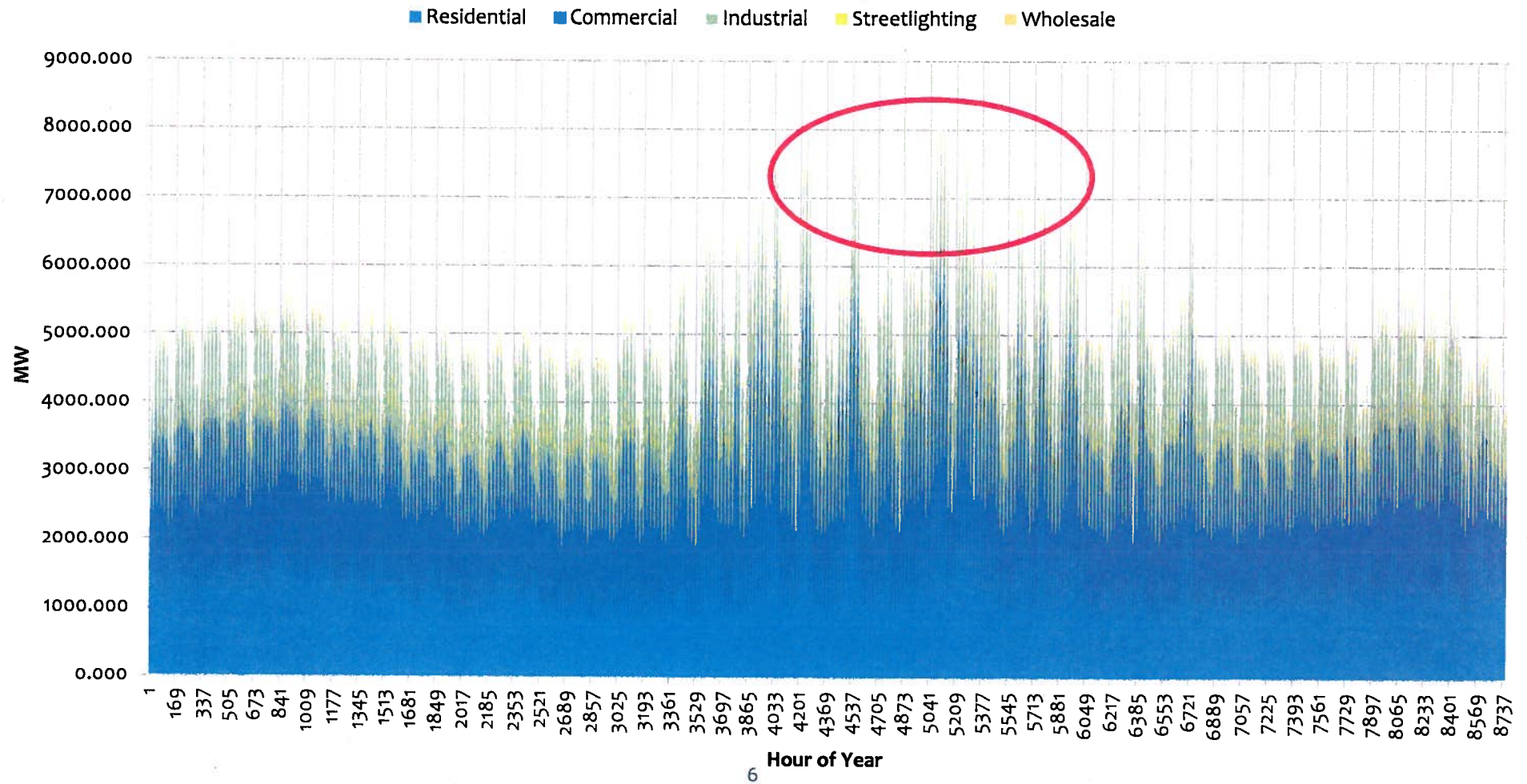
Maintain  
Reliability

Minimize Risks

Promote Economic  
Development



## Electricity Load by Class – Consumers Energy



# Reduced costs through rate design

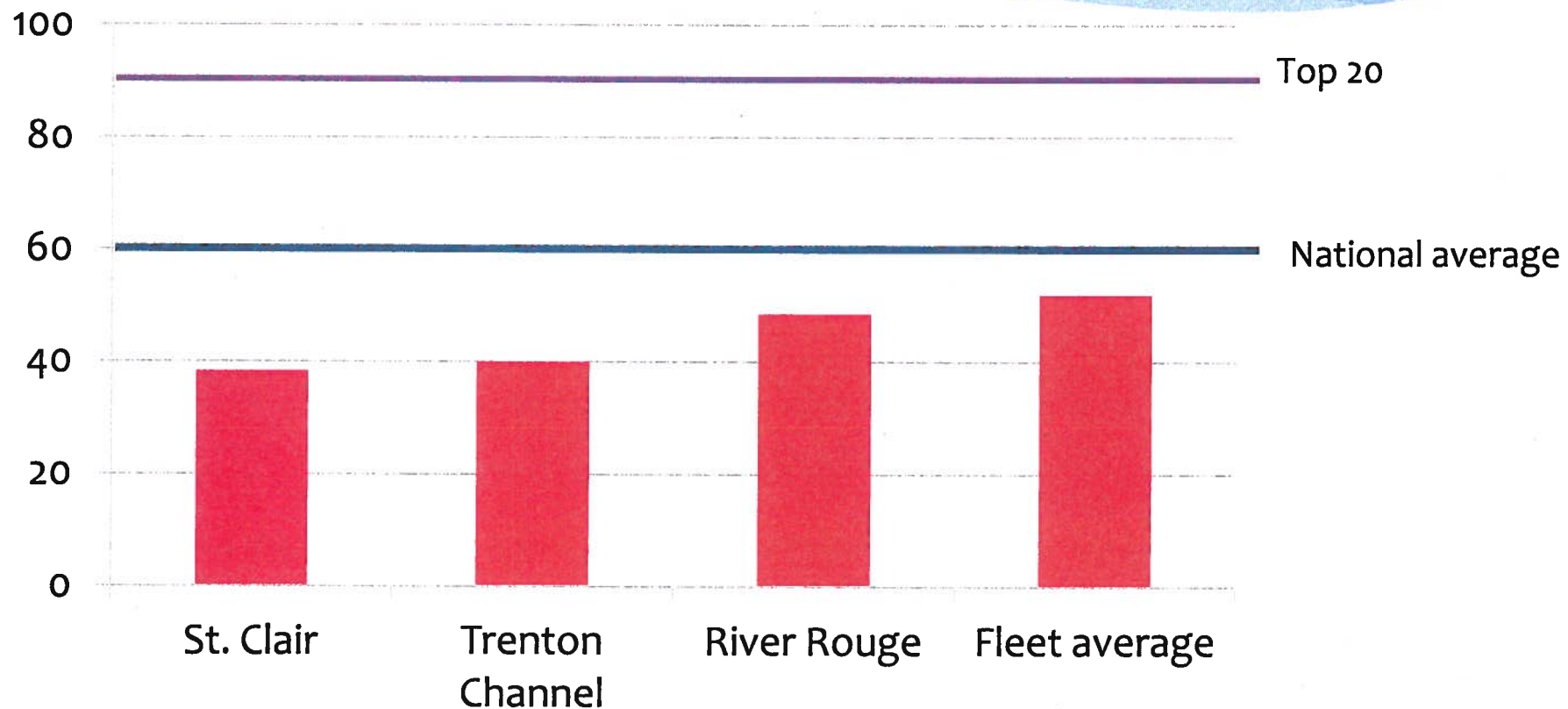
- \* Deployment of advanced meters has made time-of-day pricing possible.
- \* Pilot programs show time-of-day pricing has the ability to shave peak residential demand by 630 MW for Consumers Energy and 521 MW for DTE – about the same as capacity of nine announced coal plant closures (1200 MW)
- \* Expanded to all customers classes, could reduce utility costs by over \$200 million a year

Protect Public  
Health and Natural  
Resources

Control Costs



# DTE coal plant capacity factors





# Renewable Energy – Continue the transition to cleaner energy

- \* Increase commitment to renewable energy.
- \* Only power source that can guarantee long-term stable prices
- \* Cost of renewable energy today are at or below costs of other energy sources
- \* Companies looking at energy mix when deciding where to locate
- \* Improves public health through reduced emissions

Control Costs

Minimize Risks

Protect Public  
Health and  
Natural Resources

Promote Economic  
Development

# Buyer's market for solar

- \* Recent bids at ~\$65/MWh
- \* Long-term stable prices
- \* Delivers power during peak usage hours
- \* Can be delivered using Michigan labor and materials

Promote Economic  
Development

Control Costs

Protect Public Health  
and Natural  
Resources





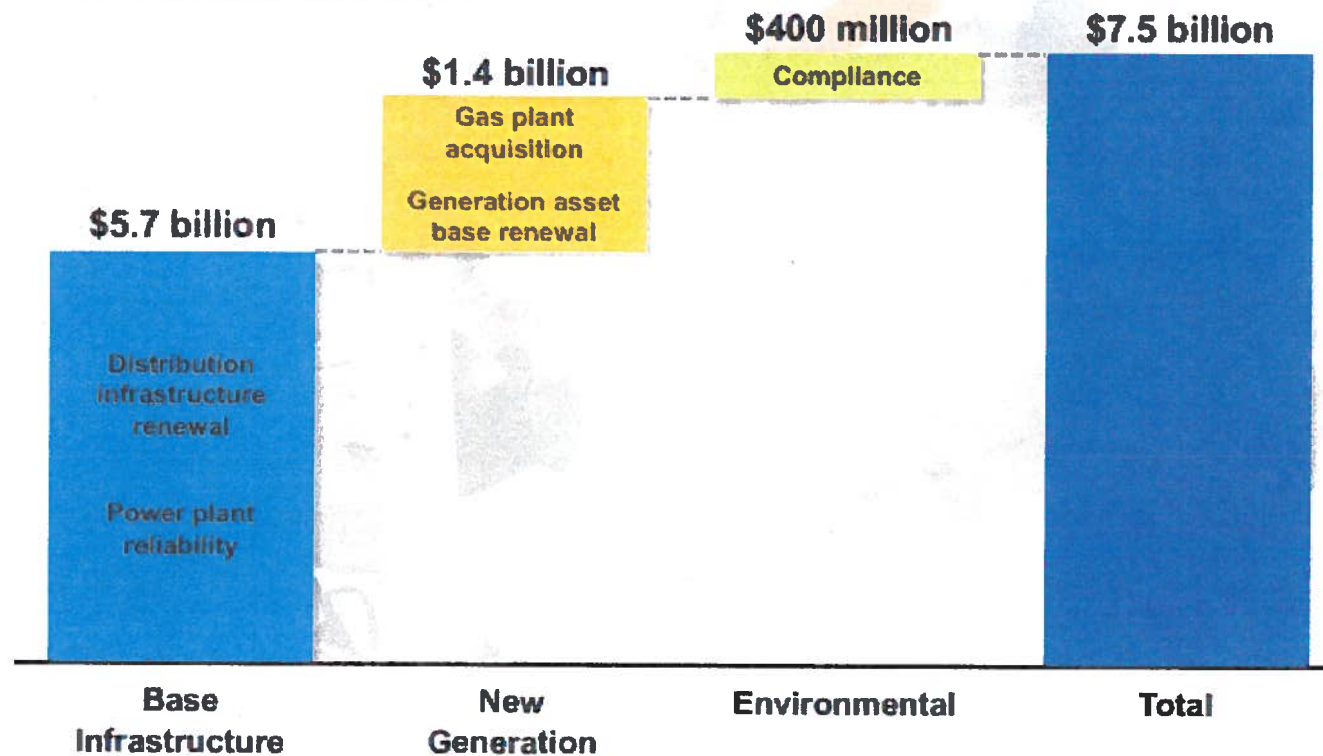
# Can Integrated Resource Planning replace standards?

- \* Shareholder interests will trump ratepayer interests
- \* IRP has not resulted in significant energy efficiency investments
- \* Leaving decision making to utilities has resulted in high costs for Michigan ratepayers
- \* IRP can compliment and fine tune direction given by the legislature or administration

Our electric utility is investing \$7.5 billion in three key areas through 2019



**Targeting 5% - 6% growth**



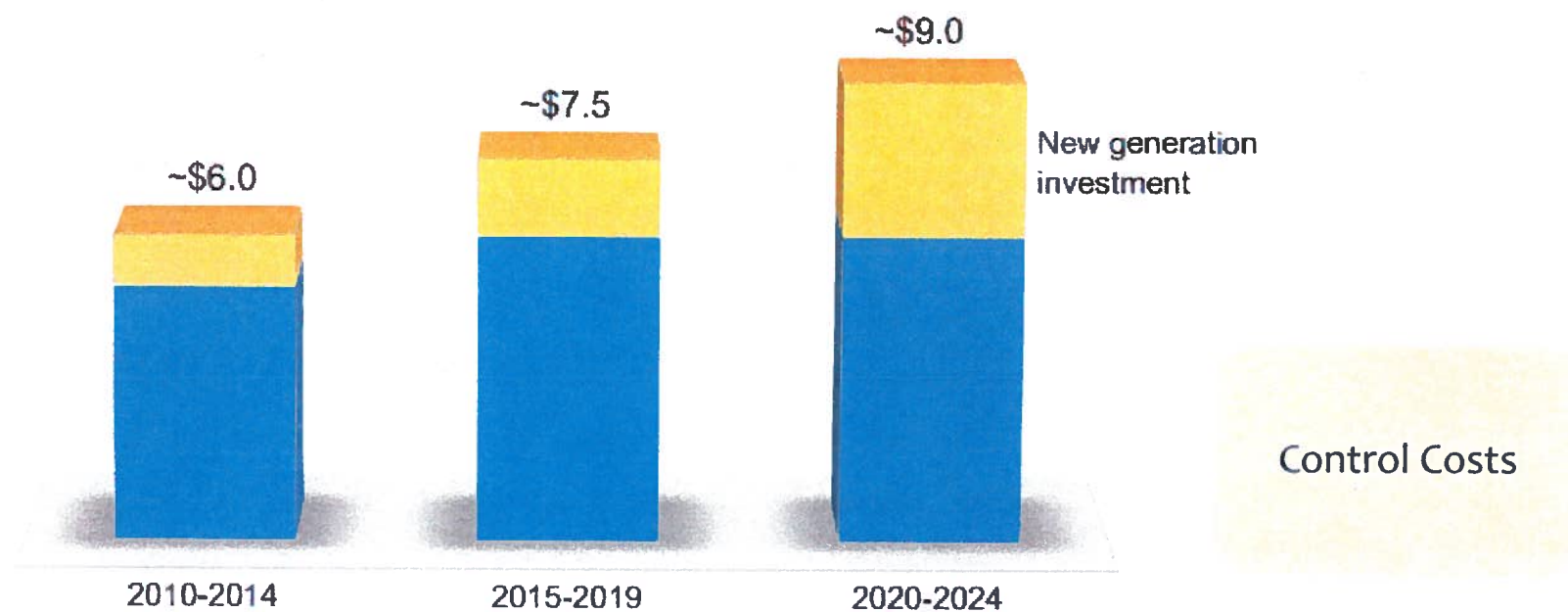


**Generation replacement will significantly increase DTE Electric's investment over the next 10 years**



(billions)

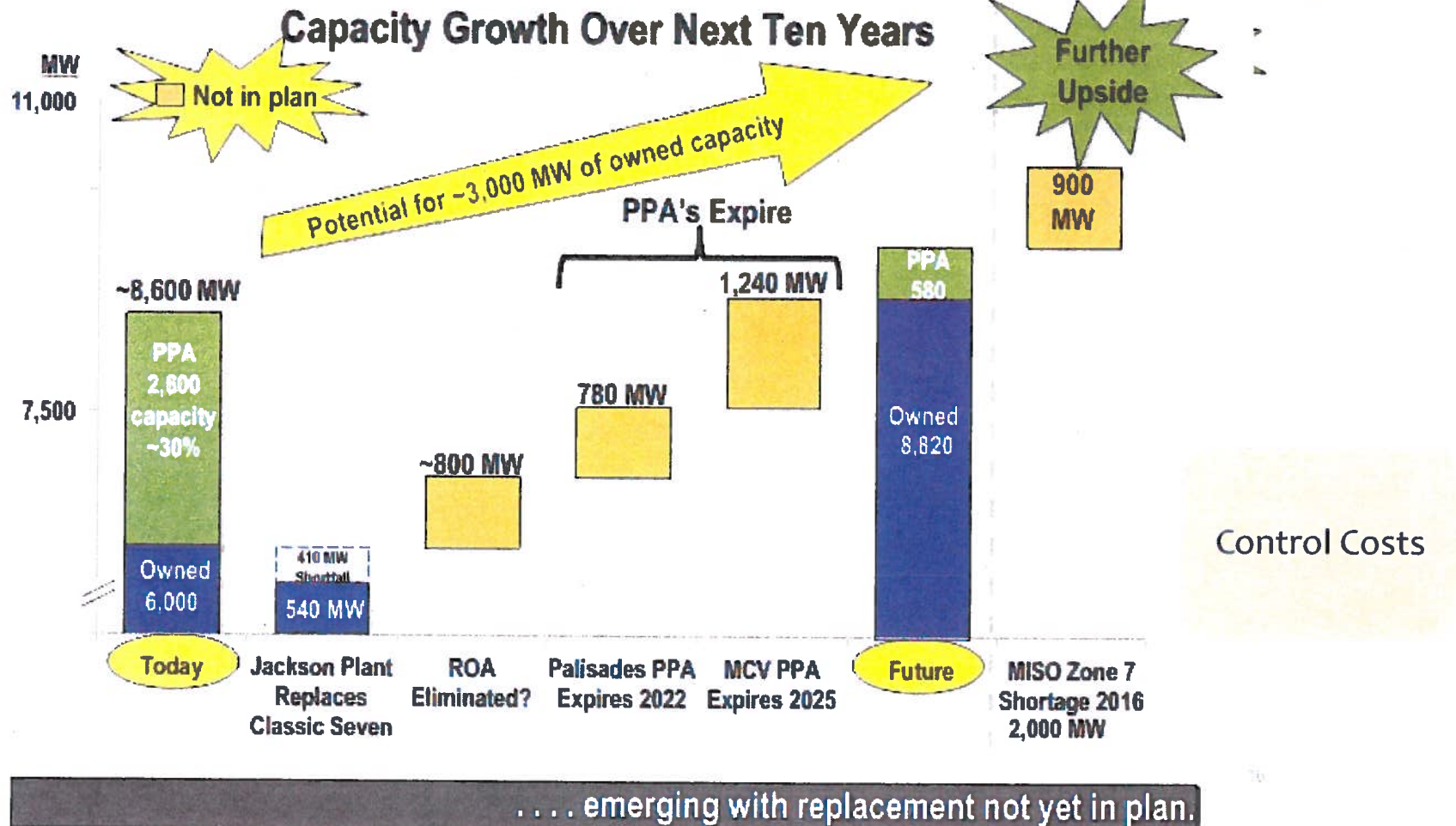
### DTE Electric Total Investment



**DTE Business Update, March 24, 2015**

## Capacity Opportunities....

CMS ENERGY





# Next steps for Michigan

- \* Need for define our energy goals more clearly
- \* Need to improve long-term planning
- \* Need to harness information technology to achieve desired outcomes
- \* Increase the authority of the PSC to protect ratepayers
- \* Focus on reducing system-wide cost for all ratepayers

# Contact Info



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